

Gentle Density and Affordability

Guidance Paper for Local Governments
and Other Community Partners

JUNE 2023



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Executive Summary

Residential, predominantly single-detached neighbourhoods in British Columbia have become increasingly unattainable for the majority of the population. One way to address this is through gentle density – the concept of increasing density by building smaller, more affordable homes in a way that is compatible with the existing built environment and neighbourhood. This includes backyard cottages, laneway homes, secondary suites and infill duplexes, triplexes and quad-plexes.

This guidance paper brings together insights and perspectives collected through two expert roundtables where participants identified existing and emerging tools for local governments to increase the supply of gentle density and enhance its affordability. Proforma analysis was also conducted to accompany many of the tools, providing insights on the potential financial impact of various measures.

Key Takeaways

1. Gentle density housing is more attainable than single-detached homes due to shared land costs, smaller square footage per unit, and shared building surfaces.
2. The local government tools listed can make it easier to build this form of housing, and can help to bring down the costs of development. This, in turn, will help to incentivize the production of new supply. As more supply comes online, housing prices cool.
3. If local governments stack the tools (and their related cost reductions), they may be able to create sufficient incentives to make the inclusion of below-market units viable within a development.
4. There are additional tools that can be leveraged by community partners, such as non-profits, lenders, and other levels of government, that can further support the creation of new and affordable gentle density homes.



Approaches to Affordability and Gentle Density

The actions identified in this guide can help local governments as well as community partners to respond to these challenges. Three primary approaches to increasing gentle density and improving affordability are considered in this guide paper. The appropriate balance between these depends on the context of each community, including land values, housing market conditions, demographics, and construction-development expertise in the community.

Each tool in the guide is accompanied by icons indicating its approach, with some tools combining multiple approaches.



ENABLING MARKET SUPPLY

Reducing barriers to gentle density will both increase the availability of smaller format homes with better affordability than single-detached homes and, in time, dampen market rates for home ownership in general.



REDUCING DEVELOPMENT COSTS

Allowing more market supply by increasing the number of financially feasible projects, including lower-cost projects.



FACILITATING BELOW-MARKET HOUSING

Creating requirements or incentives for below market units in new developments. Requiring below-market housing may impact supply generation and therefore these measures should be considered through an incentive-based approach.

UNCOVERING THE RELATIONSHIP BETWEEN MARKET SUPPLY, DEVELOPMENT COSTS, AND AFFORDABILITY

Enabling market supply and reducing development costs can increase affordability by making projects more feasible and attractive, leading to greater overall supply and lower market rates. Combining gentle density with affordable housing requirements can be beneficial in some cases, but for small-scale projects, affordability mandates may add unnecessary complexity with minimal impact on affordable housing units or funds. Focusing solely on using gentle density for affordable units can hinder the growth of smaller, denser housing options that naturally offer greater affordability. Striking a balance between gentle density and affordability goals is crucial for expanding affordable housing options.



Tools for Local Governments

The tools outlined in this guidance paper have numerous benefits and tradeoffs that will need to be balanced according to each community's context and needs. On the side of tradeoffs, many communities will need to weigh the benefits of implementing gentle density measures with the mid- and long-term capacity for areas to house even higher density, the potential for unintended displacement of existing residents and tenants, and the lack of security for tenants offered by secondary suites. Gentle density is part of a suite of housing options that needs to be integrated alongside other housing types to serve the diverse housing needs of a community.

The following tools are explored in this guidance paper:

1. Pre-Approved Plans
2. Pre-Zoning
3. Allowing for Ownership Tenure: Strata or Freehold
4. Regulatory Relaxations
5. Cash-in-Lieu Infrastructure Fund
6. Limiting Greenfield Development
7. Parking Reductions
8. Expedited Project Streams
9. Delegated Approvals
10. Certified External Professional Review
11. Density Bonusing
12. Reduced Fees
13. Tax Exemptions

Tools for Non-Profits, Lenders, and Senior Governments

The tools and approaches suggested in this paper for supportive community partners, shareholders, and senior governments build on the work already conducted by leaders across the province and integrate important lessons learned. To assist with navigating the appropriateness of these tools for a given context, each is defined by its potential to address particular themes and issues, impacts on development cost and development uptake, effort level for local governments, and timeline for implementation.

1. Create and resource a central knowledge holder.
2. Provide administration support for housing agreements and affordable rentals or ownership.
3. Oversee pre-approved plans.
4. Develop supportive lending products.
5. Create additional services and supports for local governments.
6. Provide greater authority for local governments to enable gentle density.
7. Develop new tools to incentivize gentle density.

Introduction

Gentle density housing solutions refer to the re-imagining of the single-dwelling zoned neighbourhood. These forms range from backyard cottages and laneway homes to houseplexes and infill rowhouses. These home types provide additional housing options for a diversity of households. Properties that previously housed only one household could feasibly accommodate three to six households (or more, where lot size and/or height allowances are greater).



Residential, predominantly single-detached neighbourhoods in British Columbia have become increasingly unattainable for the majority of the population. This shift is part of the larger housing crisis occurring across the province and country. Gentle density can be part of the response to developing attainable housing options within existing residential neighbourhoods.

This guide focuses on existing and emerging tools for increasing the supply and affordability of gentle density units across a range of BC communities. The actions identified in this guide are primarily for local governments to provide a broad toolbox of potential actions. The actions consider three primary approaches to increasing affordable gentle density:

1. Enabling market supply,
2. Reducing development costs, and
3. Facilitating below-market housing.

Properties in existing single-detached neighbourhoods are primarily privately owned by current homeowners (i.e., not publicly, by non-profits, or by investors). As such, initiatives to spur on more gentle density housing should primarily consider homeowner-developers and small-scale developers as likely project proponents.

Connecting Housing Form, Tenure, and Affordability

Gentle density refers to a set of housing forms in existing residential neighbourhood settings. The tenure of these homes - the financial arrangements and ownership structures that enable households to reside there - can vary, depending on a number of factors including: local regulations, market factors, and family arrangements.

Gentle density initiatives should be designed flexibly to allow for both rental and ownership opportunities, as there is unmet demand for both, which continues to drive market home prices and rents upward and out of the reach of average residents. Gentle density can increase the supply of housing attainable to these residents.

The following housing tenures can be supported through gentle density, if the right conditions are in place:



Permanently Attainable Homeownership (PATh)

PATh is an innovative homeownership framework that blends non-market and market units within a single houseplex configuration or infill layout.

The approach utilizes existing assets (land from homeowners), planning tools (density bonus and strata-titling) and affordability enablers (covenant on title for non-market units) to incentivize the creation of attainable housing.

¹ https://smallhousing.ca/wp-content/uploads/2022/09/Vancouver_Permanently-Affordable-Homeownership-Model.pdf

BALANCING BENEFITS AND IMPACTS

The tools discussed in the guide paper offer a multitude of advantages and disadvantages, necessitating a careful balance based on the unique context and requirements of each community.

Some common impacts to consider and balance when implementing these tools include:

- 1. Long-term capacity for higher density:** If measures are taken to allow infill development, it is important to assess whether these measures may hinder future densification if higher densities are planned in the future.
- 2. Unintended displacement of existing residents and tenants:** Implementation of measures such as pre-zoning or allowing stratification of existing infill housing may lead to significant property value increases, potentially displacing current residents and tenants.
- 3. Security for tenants in secondary suites:** While gentle density options like secondary suites in the secondary rental market are valuable, it is essential to integrate them with a broader approach that includes purpose-built rental stock to offer greater security for renters.

In summary, it is crucial to balance these factors and ensure that the implementation of tools considers the long-term impact, avoids unintended displacement, and provides adequate security for tenants.



Common Challenges with Implementation

In conducting this research on local implementation of gentle density, several key challenges were identified (and are further described in Annex B). These challenges were discussed in detail at our roundtable sessions, and have provided inspiration for many of the tools listed in this guide. These are areas that may require additional attention when developing gentle density policies, regulations, approval processes, communications strategies, etc to ensure they respond to your local capacity and context.

- Municipal staff capacity
- Permit and Approval Timelines
- Public Uptake and Awareness
- Housing Administration Requirements for Below-Market Units
- Housing Agreements Oversight
- Infrastructure Limitations
- Cost of Development and Access to Capital
- Developer Capacity and Knowledge

Tools for Local Governments

This section identifies a range of tools that local governments can use to increase supply and/or enhance affordability. Each tool includes a description, the role of local governments and other partners, the challenges addressed, potential impact on development, timeframe, and impact on affordability (where financial analysis has been undertaken). Each tool also identifies some considerations for successful implementation.

3 Key Approaches to Affordability



1: ENABLING MARKET SUPPLY

Enabling Market Supply focuses on reducing barriers to gentle density which will both increase the availability of smaller format homes with relatively more affordability than single-detached homes and, in time, dampen market rates.

The impact level of the tool on enabling market supply is represented by the colour of the icon.

| | |
|----------|--|
| Low | This tool may slightly nudge developers towards embracing gentle density housing forms. |
| Moderate | This tool can play a significant role as part of a comprehensive set of policy changes, moderately impacting the uptake of gentle density housing. |
| High | This tool strongly encourage and motivate developers to adopt gentle density housing, leading to substantial growth in its uptake. |



2: REDUCING DEVELOPMENT COSTS

Reducing Development Costs can lead to lower housing costs, enabling more financially feasible projects and increased market supply. This, in turn, can drive down market costs and potentially be paired with incentives for below-market housing, if available. The impact assessment of reducing development costs is based on proforma analysis across various communities. Please note not all tools in this report have been individually analyzed for their estimated level of impact.

Where available, the level of impact of the tool on reducing development costs is indicated by the icon's colour.

| | |
|--------------|--|
| Low | The tool is expected to bring about some improvements to project costs. |
| Moderate | The tool is anticipated to provide notable incentives for the development community to explore gentle density housing forms. |
| High | The tool is projected to strongly incentivize and reduce barriers to the development of gentle density housing through significant cost savings. |
| Not Analyzed | The impact level of the tool was not analyzed in this context. |



3: MANDATING BELOW-MARKET HOUSING

Facilitating Below-Market Housing focuses on creating requirements or incentives for units below market rates in new development projects. Requiring below-market housing may require subsidies or incentives to enable feasibility which can be difficult to calibrate, and in some cases may dampen supply generation.

The level of impact of the tool to require or incentivize below-market housing in gentle density projects is indicated by the icon's colour.

| | |
|----------|--|
| Low | This tool is expected to have a minor effect on the adoption of gentle density projects with below-market units. To achieve greater affordability, it is recommended to combine this tool with other measures. |
| Moderate | This tool is projected to have moderate effects on the uptake of below-market units within gentle density projects. |
| High | The tool is anticipated to significantly contribute to the creation of below-market housing as part of gentle density developments, making a substantial impact on affordability. |

A summary of the impact of analyzed tools on cost can be viewed in the [Comparison of Tool Impacts on Cost](#) section of this report including a description of methodology.

Effort Level/Ease of Implementation


| | |
|-----------------|---|
| ● Low | Modest staff time in policy development, but generally feasible to implement within one budget cycle (or less), and requiring few external resources. |
| ●●● Moderate | Likely to require dedicated staff time, some level of community or neighbourhood engagement, or some form of external support (e.g. consultants) to implement appropriately. |
| ●●●●● High | Likely to need significant staff time and community engagement to appropriately implement, and likely to require external expertise to refine policy/approach (e.g. land economics analysis or external bylaw development support). |

Overview of Tools

Summary of Tools for Local Governments

| Tool | Approach and Level of Impact | | | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implemen- tation |
|--|--|---|---|---|---|
| |  Enabling Market Supply |  Mandating Below-Market Affordability |  Reducing Development Costs | | |
| Pre-Approved Plans | High | | Moderate | Medium-Term | ●●● Moderate |
| Pre-Zoning | Moderate-to-high | | Moderate | Medium to Long-Term | ●●●● Moderate-to-high |
| Allow for Ownership Tenure: Strata or Freehold | Moderate-to-high | | | Short-Term | ● Low |
| Regulatory Relaxations | Moderate | | Not Analyzed | Medium-Term | ●●● Moderate |
| Cash-in-Lieu Infrastructure Fund | TBD | | | Medium-Term | ●●●●●● High |
| Limiting Greenfield Development | Low-to-moderate | | | Medium-Term | ●●● Moderate |
| Parking Reductions | Moderate | | | Medium-Term | ●●● Moderate |
| Expedited Project Streams | Moderate | Moderate | Moderate | Medium-Term | ● Low |
| Delegated Approvals | Low | | Low | Short-to-Medium Term | ●●● Moderate |
| Certified External Professional Review | Low | | Not Analyzed | Long-Term | ●●● Moderate |
| Density Bonusing | | Moderate | Moderate | Medium-Term | ●●● Moderate |
| Reduced Fees | | Low | Low | Medium-Term | ●●● Moderate |
| Tax Exemptions | | | Low | Short-to-Medium-Term | ●●● Moderate |

Pre-Approved Plans

|  Enabling Market Supply |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| High | Moderate* | Medium-Term | ●●● Moderate |

*For a pre-approved design stream that eliminates rezoning, development permit and reduces building permit timelines by 50% (financing savings). This does not account for reductions in design costs.

Pre-approved plans for gentle density home designs can reduce costs of development and therefore offer increased feasibility and uptake, as well as potentially increased natural affordability. Some municipalities have already advanced in this approach. There is an opportunity to share housing plans across communities to generate production efficiencies and economies of scale. Pre-approved plans can be used by local governments in conjunction with the fast-tracked approval stream tool.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Cost of Development
- Municipal Staff Capacity
- Developer Capacity and Knowledge
- Permit and Approval Timelines
- Infrastructure Limitations
- Public Uptake and Awareness

PARTNERS

- Senior levels of government (e.g., CMHC and BC Housing)
- Community Partners and Industry Professionals

CONSIDERATIONS

- Considerations of situations in northern communities and awareness of Step Code variations across the province will be a key consideration for plan development. Communities with variability of lots and site considerations may face barriers that can be addressed with a kit-of-parts approach.
- While lack of variability in new homes can be a drawback to advancing pre-approved plans, many single-family neighbourhoods may also have homes with similar or repetitive designs.
- Gentle density in many cases will be dispersed throughout the community.
- Economic analysis and review of zoning can help inform local governments on what type of uptake they may expect to see.
- Pre-approved plans can be applied across jurisdictions with similar conditions (not just contained within a single local government).
- Plans could be of major benefit to assisting developers with navigating the Step Code.
- Some local governments will face greater barriers to implementing pre-approved plans (e.g., due to tree retention, geotechnical issues, or parking requirements). In these cases, local governments may need to consider how to implement a streamlined approval process for repeat designs instead of pre-approving designs.
- Local governments can also explore a packaged method of exemptions and benefits aimed at infill, to streamline the process and make benefits clear. Benefits could then be considered as one package by homeowners and developers (e.g., the total potential financial benefit of tax exemptions, parking reductions, etc. can all be viewed as a single figure).

IMPLEMENTATION PROCESS

1. Work with partners to develop pre-approved plans that will be applicable in target neighbourhoods and lot sizes/conditions.
2. Where required and beneficial, engage with the community to inform pre-approved plans.
3. Implement a dedicated processing stream for pre-approved plans that eliminates rezoning and development permits and fast-tracks building permit approvals.
4. Explore a packaged model that incorporates reduced approval requirements for pre-approved plans in conjunction with other exemptions and benefits for infill. Discussed further within considerations.
5. Monitor the uptake and effects of pre-approved plans.





Photo credit: Napa Sonoma ADU

Case Study: Sonoma-Napa, California

In Sonoma and Napa counties, jurisdictions have partnered with the non-profit, Napa-Sonoma ADU (Accessory Dwelling Units) Centre, to develop pre-approved plans for infill units. The program responds to the California State Law allowing all homeowners to build both an accessory dwelling unit and junior accessory dwelling unit on their property. The Centre provides assistance to homeowners through feasibility consultations, building an understanding of cost and financing, and navigating local rules and processes. They offer a catalogue of site-built and prefabricated plans designed for the region and connection to associated professionals to pursue next steps. A number of the plans offered have been pre-reviewed for compliance with relevant building codes by jurisdictions within Sonoma and Napa counties. While state law requires jurisdictions to process ADU applications within 60 days, many jurisdictions in the partnership have developed preferred approval streams for pre-approved ADUs.

Pre-Zoning

|  Enabling Market Supply |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| Moderate-to-high | Moderate | Medium to Long-Term | ●●●● Moderate-to-high |

Pre-zoning individual properties to allow for gentle density projects can extend development approval timelines, increase costs, and involves substantial local government staff time. Pre-zoning is an alternative route; it is a tool used by local governments to designate/indicate allowable development rights across a series of lots, neighbourhoods, or areas. This enables gentle density to occur as-of-right as long as all regulations and guidelines are met. Pre-zoning, unlike updating existing zoning bylaws, occurs at the Official Community Plan stage. Due to its scale, pre-zoning has the ability to take into account sloping and geotechnical considerations as well as feasibility requirements.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Municipal staff capacity
- Permit and approval timelines
- Housing agreements and non-profit housing capacity
- Infrastructure Limitations

APPROACHES

This guide paper explores two approaches to pre-zoning:

- A. Blanket pre-zoning
- B. Infrastructure-targeted pre-zoning

PARTNERS

- Neighbouring local governments – Actions to up-zone can be coordinated with neighbouring local governments to reduce rises in individual property values that can lead to increased land value, speculation, and a higher tax burden on owners.
- Development and real estate community

A: Blanket Pre-zoning

Blanket pre-zoning is an approach where a certain level of density is applied widely across a community (e.g., all single-family lots are allowed to accommodate up to four units without rezoning). This approach allows higher densities across the community and leaves the navigation of development feasibility and extent of build-out (influenced by lot size and condition, infrastructure capacity and upgrading costs, etc.) to be completed on an individual project basis. Though new development rights are applied widely, properties with preferable development conditions (including adequate servicing) are still likely to be (re)developed first.

RATIONALE, BENEFITS, AND APPLICABILITY

Gentle density is part of the future of all residential neighbourhoods in urban areas (as affirmed by the Housing Supply Act) and municipalities can ensure gentle density units can be built wherever single-family residential exists.

The blanket pre-zoning approach allows local governments to take bold and broad action to accelerate density and can reduce the focus on individual neighbourhoods. This approach can help reduce the effects of localized community resistance (often from a relatively small part of the community's residents), indicating that there is shared responsibility to accommodate new growth among neighbourhoods in support of the community's housing goals.

Broad pre-zoning can also help to mitigate rises in individual property values that can lead to increased land value, speculation, and a higher tax burden on homeowners.

LIMITATIONS

While infrastructure capacity may not be taken into account in applying blanket pre-zoning, it is expected to still limit uptake of infill development. Infrastructure considerations may make it harder for local governments to anticipate the impacts of increased density allowances and may lead to some over-estimations of the degree of infill opportunity uptake. Education with local industry partners (e.g., the infrastructure requirements of one infill unit in comparison to six units) may be required.

Some local governments are also wary of potential liability for pre-zoning lots where current infrastructure cannot support the highest allowable density. Small Housing BC is undertaking an infrastructure roundtable to develop and more robust exploration of this issue. The recommendations from the table should inform the approach to utilizing this tool.

B: Targeted Pre-zoning

Targeted pre-zoning increases allowable density in neighbourhoods or areas where increased density would be most preferred or strategically located (e.g., close to transit or amenities). Local governments may evaluate infrastructure capacity, lot sizes, community support and acceptance, land value/economic analysis (to determine likelihood of uptake) and general livability such as walkability and access to services to inform the pre-zoned areas.

RATIONALE, BENEFITS, AND APPLICABILITY

Targeted pre-zoning can allow for a more measured and calculated approach to increasing density on specific lots, or within a specific area. This approach to pre-zoning can be particularly beneficial in small communities that do not have the capacity to handle significant change within a short period. This approach may be used to test the effects of changes before a more widespread upzoning application.

However, since a limited number of properties are given additional development allowance with this approach, it may lead to increased property values, speculation, and greater localized impacts (including property sales and resident turnover). While targeted pre-zoning may increase the degree of speculation, it also offers local governments greater control as to where this turnover may occur.

Local governments can, under this style of pre-zoning, take into account neighbourhood factors that will impact livability of denser, more attainable housing options, such as public transit connections and sidewalk infrastructure. They can also focus on increasing density in neighbourhoods where infrastructure barriers are solvable and new investments can most efficiently support housing growth. Local governments can undertake upfront analysis and identify neighbourhoods with barriers to infill, and then front-end upgrades, rather than leaving them up to individual developments. This can ultimately further incentivize developments in particular neighbourhoods.

LIMITATIONS

This approach to pre-zoning at a neighbourhood scale may be at greater risk of being influenced by groups of property owners.

TIMEFRAME/SPEED OF DELIVERING HOUSING

Medium- to long-term (though housing markets with pent-up demand may see faster results)

EFFORT LEVEL/EASE OF IMPLEMENTATION

Moderate to high

CONSIDERATIONS AND KEYS TO SUCCESS

- Zoning areas for gentle density will not necessarily enable gentle density to be built. There may be other factors preventing such units from being built and/or from entering the primary rental market or ownership market that will need to be understood to build a more accurate picture of the potential uptake once infill is enabled.
- On the other hand, if the context is highly supportive, infill could occur rapidly and at a large scale using a blanket pre-zoning approach.

IMPLEMENTATION PROCESS

1. Conduct infrastructure capacity analysis and economic analysis to anticipate the uptake. In addition, a feasibility analysis may examine lot sizes, current infrastructure, livability factors, ease of necessary infrastructure upgrades, and estimated potential for delivering housing units.
2. If pre-zoning target neighbourhoods, identify areas that are strategically best suited, based on proximity to amenities, transit access, and infrastructure capacity. Determine alignment with the Official Community Plan (OCP) and utilize OCP updates to lay the groundwork for pre-zoning.
3. Create required and beneficial opportunities for engagement with the community to build community awareness of changes and allow for feedback.
4. Develop a process to monitor impacts of pre-zoning on uptake that can be used to guide future changes (such a future pre-zoned increases in density or pre-zoning of other areas under the targeted approach).



Case Study: *Victoria's Missing Middle*

Victoria's Missing Middle Housing Initiative allows houseplexes and corner townhouses – up to six homes – on most average residential lots within designated areas. The increased density is allowed in addition to single-family homes in Traditional Residential areas of the City across a range of low density zones.

The initiative promoted the importance of easing the process to build missing middle homes, which formerly required a rezoning. The community has seen frequent replacement of older homes with more expensive single-family homes and, prior to adoption, was experiencing only five percent of new home construction being missing middle housing. The City highlighted the change as an important piece of the puzzle to address housing needs and respond to local trends of increasing population of seniors and decreasing young families. The initiative was adopted in January 2023 with the approval of OCP and bylaw amendments, accompanying design guidelines and a tenant assistance policy.

Allow for Ownership Tenure: Strata or Freehold

|  Enabling Market Supply | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|---|---|
| Moderate-to-high | Short-Term | ● Low |

Allowing newly developed homes to be sold (as opposed to just rented) can improve the attractiveness of development to current homeowners and small-scale developers. It is typically easier to access financing for a development project that provides a block of sales revenue following construction, as opposed to rental revenue, which flows in over a much longer time period. This approach allows homeowners to unlock equity in their property without needing to act as landlords over the long-term. Indeed, many homeowners are uninterested in and/or unequipped to serve as landlords whereas they may have significant interest in cashing out on their land equity through the sale of infill homes.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Developer Capacity and Knowledge
- Public Uptake and Awareness

PARTNERS

- Development partners and homeowners interested in development

CONSIDERATIONS AND KEYS TO SUCCESS

- Allowing subdivision of lots for gentle density needs to be considered in conjunction with long-term neighbourhood capacity. Allowing subdivision into small lots to support different ownership models can decrease the feasibility of higher density development in the future.
- The tool is aimed at incentivizing new development through increasing flexibility with different ownership models. The impacts of introducing the tool on the existing rental unit stock need to be considered before implementation. Local governments may need to consider this action in parallel with other renter protections efforts.

IMPLEMENTATION PROCESS



1. Include the option of stratification or freehold ownership when introducing new development rights.

Case Study: Salmon Arm, BC

The City of Salmon Arm is expanding available ownership models for medium-density zones to include bareland strata arrangements. Bareland stratas give unit owners responsibilities over their front and backyards, reducing the amount of shared property. This can reduce overall costs for households and may better match the housing aspirations of some residents.

Allowing bareland stratas is one example of how gentle density zoning can provide flexibility for homeowners and developers to meet a range of needs and aspirations of residents.

Regulatory Relaxations to FAR, Height, and Setbacks

|  Enabling Market Supply |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| Moderate | Not Analyzed | Medium-Term | ●●● Moderate |

Local governments can relax site regulatory requirements to increase development feasibility. Floor Area Ratio (FAR) and height requirements can be increased, setback requirements can be decreased, and additional site layout flexibility can be granted to allow design and construction to maximize efficient design.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Infrastructure Limitations, Public Uptake

PARTNERS

- Development partners and homeowners interested in development

CONSIDERATIONS AND KEYS TO SUCCESS


- Consistency in the application of relaxations and clear communications to the public are a key success factor.
- The creation of area or form specific design guidelines may be important in ensuring residents feel form and character is protected in existing neighbourhoods.
- Community context will be important in determining what scale is best when considering the impacts of gentle density. Many communities look at the neighbourhood as a whole, but some may consider the streetscape scale.²

IMPLEMENTATION PROCESS

1. Identify where these measures may be most appropriate. Measures may be considered in specific areas or widespread across the community.
2. Set parameters for regulatory relaxations and undertake community engagement (whether community-wide or targeted at specific stakeholders) where the local government sees fit and beneficial.
3. Make changes to zoning regulations that reflect the regulatory relaxations.

² Considerations for success drawn from: https://www.newmarket.ca/LivingHere/PublishingImages/Pages/Planning%20and%20development/Interim%20Control%20By-law/Established-Neighbourhoods-Compatibility-Study/14_08.2019%20Revised%20Background%20Report.pdf

Cash in Lieu Infrastructure Funding

|  Enabling Market Supply | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|---|---|
| TBD | Medium-Term | ●●●●● High |

Required contributions to infrastructure funding can create feasibility barriers to small projects. Infrastructure costs borne by an individual project may be high but may then support future development or support required upgrades for the area. This can, in effect, disincentivize small developments. In working with larger developers, local governments can use a front-end agreement. This means that the initial developer absorbs the cost of the upgrade and is paid back as future developments utilize the upgrades. However, this may be less feasible for smaller developers who are likely to take on gentle density projects.

As such, a cash-in-lieu fund for infrastructure upgrades could enable growth to occur either in targeted neighbourhoods or when blanket pre-zoning is applied by removing these financial barriers to small development projects. This option will be explored further through the Infrastructure and Gentle Density Roundtable.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Infrastructure Limitations
- Public uptake and awareness
- Cost of Development


PARTNERS

- Senior governments (potential to support infrastructure funding)

IMPLEMENTATION PROCESS

1. Small Housing BC is hosting a roundtable focused on infrastructure which will yield further considerations for implementation.

Limiting Greenfield Development

|  Enabling Market Supply | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|---|---|
| Low-to-moderate* | Medium-Term | ●●● Moderate |

*Impact is anticipated to vary based on communities. For urban and growing urban communities with high development pressures, limiting greenfield development could have a moderate to high impact. For rural communities with low development pressures, the impacts would be anticipated to be moderate to low.

Limiting greenfield development is a method that many local governments employ to focus development into core areas, build more complete and walkable communities, and maintain natural spaces. As a tool, it is less often employed in rural communities. Some rural and growing urban communities experience a lack of willingness or interest from the real estate and development community to take on new forms of development beyond the typical single-family home. Limits to greenfield development can be a tool that requires builders to adapt their skills and repertoire to include infill projects by limiting the availability of new land for single-family homes.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Developer capacity and knowledge
- Public uptake and awareness

PARTNERS

- Real estate, development, and builders
- Neighbouring local governments


CONSIDERATIONS AND KEYS TO SUCCESS

- Proactively engaging with the development community to familiarize gentle density housing types can support their transition to these housing forms.
- Aligning limits to greenfield development with other goals held by the local government (e.g., wilderness conservation, recreation opportunities, environmental sustainability) can be beneficial.
- Limiting greenfield development needs to be considered in conjunction with other tools to enable infill and density, such that new housing supply continues to be encouraged.
- Hosting conversations with the community about growth and development may help to generate support for creating more compact communities and less sprawl.

IMPLEMENTATION PROCESS

1. Conduct an analysis and assessment of land capacity and growth including assessing projected growth and housing needs (may be supported by Housing Need Report data) and analyzing the potential of infill to meet the demand.
2. Undergo engagement and/or education efforts with residents and developers.
3. Implement changes through an OCP update and continued education of owners and developers.
4. Monitor the effects to housing supply in the community.

Parking Reductions

|  Enabling Market Supply | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|---|---|
| Moderate | Medium-Term | ●●● Moderate |

Parking requirements can render a project infeasible either due to space restrictions or to increased costs, even when focused on surface parking. The reduction of parking requirements can be applied to neighbourhoods where alternative (e.g., on street) parking is available. Altogether removal of parking requirements can be used in neighbourhoods that are proximate to essential services (e.g., shops, parks, schools) and within high-quality active, public, and shared transportation networks. Reducing or removing parking requirements can be done in conjunction with steps to improve transportation demand management, supplying other transportation solutions. For example, developments with lower or no parking requirements can incorporate and partner with carshare and bike-share programs.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Permit and approval timelines
- Infrastructure Limitations
- Public uptake and awareness

PARTNERS

- Real estate, development, and builders
- Non-profit housing and community service providers
- Businesses (carshare, bike-share)

CONSIDERATIONS AND KEYS TO SUCCESS

- Where removing parking requirements may not be feasible, local governments could consider options for shared parking as an option of parking requirements.
- Local governments can require or offer the option of carshares as well as bike and personal mobility device storage for gentle density projects.
- It may be supportive to align parking reduction strategies with the community's climate action plan and strategies to reduce vehicle use.
- When updating parking requirements, local governments need to adapt or maintain regulations to ensure accessible parking and loading stalls are still required.
- In terms of projecting the impact of this tool on cost, parking costs are highly dependent on the site and how the parking is structured. If it is required in the building, it adds significant cost and can impact building height, whereas surface stalls are cheap but come at the cost of land utilization. If onsite parking is not offered, it may impact market demand for those homes (more pronounced in certain market segments, like high income earners).

IMPLEMENTATION PROCESS

1. Review shared, public and active transportation infrastructure to analyze readiness for reduction or elimination of parking requirements (e.g., public transit networks, vehicle sharing, sidewalks and paths to walk and roll to services, workplaces, and common destinations).
2. Where necessary, explore and implement changes to improve shared, public and active transportation infrastructure (e.g., building partnerships with car-sharing companies or action AAA bike lane improvements in an applicable plan).
3. Implement parking reductions or eliminations in applicable neighbourhoods or across the community and stipulate any additional requirements (e.g., carshare, active transit vehicle storage).
4. Educate and engage the development community to understand the change.



Photo credit: Ben den Engelsen

Case Study: *Edmonton Open Option Parking*

In June 2020, Edmonton enabled Open Option Parking across the city which removed minimum parking requirements from the Zoning Bylaw. The change allows developers, homeowners, and businesses to determine the necessary amount of on-site parking based on users' needs.

The program maintains comparable rates for accessible parking as well as increased bicycle parking requirements. Opportunities for business and homeowner sharing and leasing of parking spaces were developed alongside the parking requirement removal.

Addressing Approval Timelines

Long development approval timelines are a barrier to new housing supply. Projects must absorb additional costs associated with holding land and loans during this period. Long approval timelines may indicate a lack of local government capacity, or a lack of clarity on the local government's development priorities and alignment of its processes and procedures. There are several tools that can be employed to reduce permitting and approval timelines such as the delegation of development permits, waiving of public hearings for OCP compliant projects, and pre-zoning. These tools can reduce timelines and increase efficiency by streamlining council's involvement. Through this tool, council will be involved early in the planning process rather than on a project-by-project basis.

See tool: [Pre-zoning](#)

For some local governments, increasing approvals timelines may still result in high capacity requirements of local government staff. There may be a role for external professionals in the permitting and approval process (identified in the 2019 BC Development Approvals Process Review Report). Programs could be explored where the proponent pays a third-party consultant to review applications and submit them to the city, ensuring certain terms have been met. Local governments have also issued general contractor and architect lists that have different associated review processes and timelines.

THEMES/ISSUES POTENTIALLY ADDRESSED

- Municipal staff capacity
- Permit and approval timelines

PARTNERS

- Non-profit housing and community service providers
- Consultants

ADDED AFFORDABILITY

There is also precedent for local government to decrease permit and approval timelines for projects that align with particular goals. This, for example, could be used in projects that will provide affordable or non-market housing.

Case Study: Coquitlam Housing Choices Program

The City of Coquitlam initially adopted the Housing Choices Program in 2011 to support a broad range of small-scale, ground-oriented residential options. The program was amended in 2019 to further encourage a range of small-scale housing and "level the playing field" with larger detached single-family homes.

The program has employed a number of tools to ease the process of determining development options. A summary guide highlights rezoning, subdivision, and development permit requirements which have been waived for a number of housing types. Duplex, triplexes, and fourplexes, for example, are not required to undergo rezoning, and are only required to obtain a development permit.

Expedited Project Streams

|  Enabling Market Supply |  Mandating Below-Market Affordability |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|--|---|---|
| Moderate | Moderate* | Moderate | Medium-Term | ● Low |

* If expedited project streams are created to prioritize projects with below-market housing.

Different streams can be created for permits and approvals based on the type of development. Fast-tracked streams can be developed in alignment with the local government's primary goals and areas of housing need, including for infill developments. Streams can also prioritize projects based on local needs and goals; for example, prioritizing projects that offer below-market housing options and/or the involvement of a non-profit community housing organization. *Expedited project streams may be considered in conjunction with pre-approved plans and certified external professional review where the local government's staff capacity is a limitation.*

Delegated Approvals

|  Enabling Market Supply |  Mandating Below-Market Affordability |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|--|---|---|
| Low | | Low* | Short-to-Medium Term | ●●● Moderate |

* Based on proforma analysis of eliminated council approval and assumes a 50% reduction in DP Timeline.

For infill projects that conform with a local government's OCP but not by current zoning, the proponent needs to move forward through the rezoning process. Rezoning processes can be time-intensive and create uncertainties that ultimately disincentivize a project. Local governments can alter their approach to rezoning and utilize pre-zoning (discussed above) to decrease permit and approval timelines. Local governments also have the ability to waive public hearing requirements where the project is in alignment with its OCP. Aligned projects can then be solely subject to staff review under the higher-level approach determined by council.

Certified External Professional Review

|  Enabling Market Supply |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| Low | Not Analyzed | Long-Term | ●●● Moderate |

The involvement of certified external professionals in the permit and approval process can be used by local governments with limited staff capacity. Certified external professionals can be identified by the local government and engaged to do a preliminary review of applications to evaluate their compliance and alignment with the community's requirements and OCP.

LIMITATIONS

While engagement of external professionals in the review process ultimately has the potential to support local governments with low staff capacity, it will require upfront staff capacity as the relationship with certified professionals is developed, and the professionals learn the local governments' guidelines and processes. The local government staff are still expected to review the work of the certified professional.

Some local governments may also encounter union restrictions for hiring external professionals. Some local government professional staff may also require a thorough understanding of their liability under the circumstances of engaging external professionals.

CONSIDERATIONS AND KEYS TO SUCCESS

- Reducing approval timelines is often cited as a key barrier to more affordability by the development community.
- Many municipalities are already undertaking development approvals reviews to ensure that housing is being approved in a timely fashion; understanding bottlenecks in the approvals process and ways to speed it up will be key to the success of these initiatives.
- Appropriate capacity and staffing levels are required to ensure that approvals are both effective and efficient.
- These tools can be effective when considering one-off projects and are likely to be most effective when combined.

IMPLEMENTATION PROCESS

1. Implementation approaches will differ across all communities, depending on staff capacity, other projects moving through the approvals process, and required council consideration.

Density Bonusing for Dedicated Affordable Units

|  Mandating Below-Market Affordability |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| Moderate | Moderate* | Medium-Term | ●●● Moderate |

* Based on proforma analysis for increased allowable density (by one unit) for a dedicated affordable unit.

Local governments are able to provide density bonuses in the zoning bylaw, setting a base density, and allowing a maximum additional density when a developer provides an amenity or contribution in exchange for that density. In the case of gentle density, municipalities may want to consider options for providing additional density in exchange for an affordable unit or units (ownership or rental, depending on the feasibility).

THEMES/ISSUES POTENTIALLY ADDRESSED

- Cost of Development; Public Uptake and Awareness

PARTNERS

- Development partners and homeowners interested in development
- First-time homeowners or tenants

CONSIDERATIONS AND KEYS TO SUCCESS

- Affordability requirements need to be in line with what is deliverable through the market. For example, if a municipality requires a deeply affordable unit in exchange for increased density, the return on investment for the developer may not be enough to warrant pursuing the additional density. It can be difficult to successfully calibrate this bonus, acknowledging changing market conditions.
- This type of measure is likely best paired with a low end-of-market rental or affordable ownership requirement.

IMPLEMENTATION PROCESS

1. Undertake an economic analysis to ensure that additional density provided through density bonusing is sufficient to require an affordable unit or units.
2. Clearly define the affordability ask – will the developer be required to provide affordable ownership or affordable rental?
3. Have a Housing Agreement prepared to support long-term affordability for this unit, with consideration of long-term management considerations. Determine who will manage or oversee resale or tenancy changes (see [Administration Support for Housing Agreements](#) later in this guide).

Reduced Fees

|  Mandating Below-Market Affordability |  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|--|---|---|
| Low | Low* | Medium-Term | ●●● Moderate |

* Based on proforma analysis for DCC forgiveness on an affordable unit quantified at the local median household income.

Reduction of applicable fees such as Community Amenity Contributions (CACs), Development Cost Charges (DCCs), application fees, and development charges can be offered to priority project types to encourage development in line with the community's goals. Fee forgiveness can also be offered specifically to required affordable unit(s) within the project. Due to the nature of fee structures, the local government – in offering fee reductions – is in essence providing a financial subsidy to a project. For this reason, it is important for the local government to prioritize specific projects for fee reductions (e.g., non-market housing, non-profit housing support services, seniors non-market housing).

THEMES/ISSUES POTENTIALLY ADDRESSED

- Housing agreements and non-profit housing capacity
- Administration requirements of affordable homeownership and rentals
- Cost of Development

PARTNERS/BENEFICIARIES

- Real estate, development, and builders
- Non-profit housing and community service providers

CONSIDERATIONS AND KEYS TO SUCCESS


- Fee reductions can often help to reduce costs for a project on the edge of feasibility, but the discounts are not often great enough to bring a project to deep affordability.
- Local governments also need to consider the financial ramifications of offering fee reductions. The costs that DCCs and CACs cover will still remain, but the local government will be funding them directly rather than having the developer contribute. If the local government pursues this route, it may be valuable to quantify the financial benefit of the reduction. Due to restrictions from the LGA and Provincial DCC Best Practices Guide, it is not possible to increase the DCC contribution from other developers to fund waived DCCs on other projects.
- DCC waivers and reductions are permitted by the LGA for not-for-profit rental housing, supportive living housing, for-profit affordable rental housing, subdivision of small lots designed to result in low greenhouse gas emissions, and developments designed to result in low environmental impact.
- Fee reductions are often considered an important element in applications to BC Housing and Canada Mortgage and Housing Corporation (CMHC) to convey local government support. Fee reductions could be offered specifically to projects offering affordability.
- Developing definitions for affordability in fee reductions that match senior government funding entities' definitions can reduce the complexity that developers and non-profits will be required to navigate when pursuing fee reductions in conjunction with funding.

IMPLEMENTATION PROCESS

1. Based on an assessment of fees, the local government develops a fee reduction policy that reflects primary housing needs (e.g., major areas of need identified by the Housing Need Report for affordable options for seniors to age in place). While the local government's DCC policy must be reviewed by the Province, a DCC reduction policy is allowed under the Local Government Act and as such, may be beneficial to be established in a separate bylaw.
2. Local government quantifies their total contribution to the development costs in lieu of the DCC based on the fee reduction bylaw. They may use an affordable housing reserve fund for this contribution.



Tax Exemptions

|  Reducing Development Costs | Timeframe/ Speed of Delivering Housing | Effort Level/ Ease of Implementation |
|--|---|---|
| Low* | Short-to-Medium-Term | ●●● Moderate |

* Based on proforma analysis for DCC forgiveness on an affordable unit quantified at the local median household income.

Exemptions to property taxes can be offered by local governments to infill unit projects as a mechanism to increase the level of affordability for first-time home buyers. Local governments have the ability to offer tax exemptions for up to 10 years. In some cases, local governments can apply exemptions under downtown revitalization tax exemption programs for infill housing. Local government tax exemptions are complemented by the waiving of school tax, which is offered by the province when the local government provides an exemption, further increasing affordability. Tax exemptions can be offered to first-time owners as a mechanism of delivering enhanced affordability, but would likely need to be delivered in combination with a Housing Agreement or other mechanism to ensure said affordability. Due to the monitoring requirements to oversee the administration of this benefit and likely an associated housing agreement, offering tax exemptions may create increased complexity that outweighs the benefit.

PARTNERS

- Senior levels of government (e.g., CMHC and BC Housing)
- Community Shareholders (e.g., credit unions)

CONSIDERATIONS AND KEYS TO SUCCESS

- In a community where infill opportunities are primarily aimed at homeowners and small-scale developers, a focus on deregulation and increasing process ease may be more fruitful than accumulating small exemptions.
- Local governments can also explore a packaged method of exemptions and benefits aimed at infill to streamline the process and make benefits clear. Benefits could then be considered as one package by homeowners and developers (e.g., the total potential financial benefit of tax exemptions, parking reductions, etc. can all be viewed as a single figure).
- Tax exemptions can be a limited but powerful tool in incentivizing infill, but they are not directly tied to affordability and therefore would need to be stacked with other tools (e.g., housing agreements) in order to impact the cost housing.
- However, overly complex programs may also disincentivize developers, so these programs should be developed to augment existing gentle density programs where they can make an impact on affordability, and not required outright of developers looking develop infill housing.
- Tax exemptions, like DCC waivers, are publicly funded. The financial implications on the local government need to be considered before program initiation.

IMPLEMENTATION PROCESS

1. Any tax relief program will need to be considered in the context of the broader affordability goals set out by the municipality. This likely means combining this initiative with a tool that guarantees affordability (e.g., housing agreement) and with other incentives (e.g., density bonusing for affordable units).

Additional Tools for Consideration

Additionally, there are some tools that are not directly contributing to the supply of new housing, reducing development costs, or facilitating below market units. However, these units may play an important role in supporting the successful delivery of affordable supply and ensuring that new units provide housing for residents.

Tool: Housing Agreements

Housing Agreements

Housing agreements enable local governments to specify details of housing units' occupancy, cost structure, tenure, and management that cannot be governed by zoning bylaws. Housing agreements can specify tenure, occupancy (including demographics of occupants), management and administration, and rental rates and sales prices. They enable a level of regulation that bylaws cannot. Housing agreements are often conditions of sale or rezoning and are entered into between the local government/third party organization and landowner.

Local governments can require a housing agreement framework to take to council for specific categories of projects. This process has the potential to reduce the amount of staff capacity required by integrating housing agreements into existing processes. Housing agreements are the primary tool that local governments use to regulate affordability for new units, and would be the main tool for any affordable ownership or rental programs required through gentle density programs.

Restricting Short-Term Vacation Rental Tool

Restricting Short-Term Vacation Rental

Short-term rentals have increased significantly in BC over the last decade, in many cases occupying existing or potential rental stock in the secondary rental market. As such, any gentle density efforts, particularly those that focus on rental tenure, should give some consideration to the role of regulations and restrictions on short-term rentals to ensure that new stock that is created remains in the long-term rental market supply.

Tools for Community Partners

Non-Profit Entities

1. Create and resource a central knowledge holder

There is a growing knowledge of what works and what does not for gentle density, but there is a lack of base knowledge and capacity to gain knowledge amongst development partners, community shareholders, and in municipalities, particularly smaller ones. There is an opportunity for community partners with a primary focus on gentle density to play a role in building a broad knowledge base that can be shared across local governments to aid coordination as well as build awareness of successes and challenges.

2. Provide administration support for housing agreements and affordable rentals or ownership

The development and coordination of a centralized entity external to local governments could take on the responsibility of housing agreements. This would help fill gaps in local governments' capacity to administer housing agreements and would enable a greater number of affordable rentals and ownership opportunities in some communities. The maintenance of a centralized list of non-profits and other community shareholders willing to take on the administration of housing agreements would be beneficial to local governments' ability to identify and build partnerships with skilled organizations.

[Explored further above under Housing Agreements](#)

Lenders

1. Develop supportive lending products

Financial institutions can play a role in supporting gentle density through developing lending products to support homeowner-developers in leveraging their assets to build gentle density. Currently, there is a limit to financing mechanisms for gentle density homeowners. Homeowners can have the asset of their home but be unable to secure development loans necessary for a houseplex. Homeowners also face further complications in carrying costs towards strata titling or cost efficiencies that can be gained from modular or prefabricated development.

Case Study: *Vancity Credit Union*

Vancity Credit Union has developed tools to support diverse housing options including programs that specifically cater to gentle density. The credit union offers laneway mortgages for homeowners developing secondary suites as well as mixer mortgages which enable multiple owners to share costs and increase their purchasing power.

Federal and Provincial Government

1. Create additional services and supports for local governments

Allocate External Professional Review

The role of certified external professional review was identified as a tool available to support local governments. The province could support the development of an entity for external review under a certain scale and scope of project.

Ensure Alignment of Provincial Goals

Conflicts between provincial goals, such as between housing and climate goals, can increase the complexity that community and development partners must navigate (e.g., updates to the building code). The Province can play a role in ensuring alignment and coordination of goals, potentially through the OCP process, and their roll-out so one does not negatively impact another.

Provide Packaged Model for Incentives

Packaging of incentives is identified as a potential tool for local governments to employ to streamline the process of infill developments and make benefits clear. Senior government can play a role in supporting incentive packaging through preferential financing (e.g., a program supporting infill where a measure of affordability is offered).

Develop Sample and Standardized Templates for Local Governments

The Province can provide or financially support the production of several of the tools and resources listed in the above Tools for Local Governments section, including sample home designs and sample bylaws.

2. Oversee pre-approved plans

There is a role for partners and shareholders in working alongside local governments and with funding partners to develop pre-approved plans and provide an online database of these plans as a resource for municipalities considering gentle density. Design professionals will be necessary in the design of pre-approved plans and could also have a role in the coordination of pre-approved plans across different local governments, incorporating regional conditions. In some communities, community partners serve homeowner-developers interested in pre-approved plans directly, providing support for navigating regulatory processes.

3. Provide greater authority for local governments to enable gentle density

Equip Local Governments with Transportation Demand Management Requirements

While all local governments have tools to require parking through the Local Government Act, most local governments do not have the same tools to control transportation demand management. Transit planning decisions and funding typically fall to regional and provincial bodies. Granting local governments tools to control transportation demand management can allow local governments to build requirements related to infill and densification as needed.

Infrastructure Dedications Mechanism and Financing Tools

Changes could be explored to support local governments with the legal ability to obtain offsite infrastructure dedications without rezoning, whether it is in the context of a building permit, development permit, or subdivision permit.

4. Develop new tools to incentivize gentle density

Set Aside Dedicated Financing

To further support gentle density and infill across the province and country, senior governments could develop dedicated financing programs through BC Housing or CMHC.

Introduce Tax Incentives

GST and PTT may be waived to enhance the affordability of below-market units. PTT may be reduced or waived to incentivize gentle density development uptake more broadly.

Conclusion

There is an urgent need for a greater and more diverse supply of housing options as part of the response to the current lack of housing affordability facing British Columbians. Residential neighbourhoods in the province have become increasingly unattainable for the majority of households. Gentle density has an important role to play in increasing options for attainable housing within existing residential neighbourhoods. Gentle density offers solutions to housing our growing population in more efficient ways within existing neighbourhoods.

There is a diverse set of tools for local governments, non-profits, lenders, and senior governments to play in enabling supply and increasing the affordability of gentle density. The applicability, benefits, and impacts of these tools vary across communities, yet each community can be a part of building opportunities for gentle density and for a diversified housing stock. Gentle density faces numerous barriers in predominantly single-family home neighbourhoods. Removing these barriers will require resource and capacity investments but can ultimately contribute to diversified, more attainable and affordable housing in residential areas.



Annexes

A: Comparison of Tool Impacts on Cost

B: Common Challenges with Implementation

Annex A: Comparison of Tool Impacts on Cost

The following table summarizes proformas conducted to estimate the impacts of a selection of supply generation and enhanced affordability tools on the return on costs. These models were developed with a blanket approach, leveraging a high-level design concept that could work on most standard lots. We use the assumption of a one-size-fits-all approach to the building form to assess the impacts of the various tools that local governments could utilize to improve supply, feasibility, and affordability. In the real world, site-specific proformas should be created to assess the specific feasibility of the project; These models were created to demonstrate the possibilities under a standardized design. Leveraging standardized designs is a significant vehicle for creating housing affordability, which made it appropriate for use. This contributes to limitations and assumptions inherent in any model. The following table is intended to provide a jumping-off point to assist local governments in identifying impactful and suitable tools that can be studied further to understand local applicability.

It is worth considering that impacts on costs are not always directly reflected in the cost of housing. Impact on affordability may increase the feasibility or incentivize the development of a particular type of housing (e.g., making infill more appealing in comparison to the greenfield development). In particular for non-profit and community housing providers, reducing costs may assist the feasibility of their project all together.

| Municipal Toggle | Impacts (% Return on Cost) | What does it mean? |
|---|--------------------------------------|--|
| Increase Allowable Density for a Dedicated Affordable Unit | Range: +6% to +12% Average: +8.5% | Adds one 1-BR unit on a five-unit building Note: Dependent on FAR limits if applicable. |
| DCC Forgiveness on Affordable Unit at Local Median Household Income <i>(When combined with above)</i> | Range: +6% to +12% Average: +9% | Removes DCCs on Affordable Unit |
| Pre-Zoned Parcel Utilized | Range: +1% to 2% Average: 1.25% | Eliminated rezoning timeline and assumed land financing costs |
| Delegated DP Approval (minor variances allowed) | Range: 0% to +1% Average: +0.25% | Eliminated council approval and assumes a 50% reduction in DP Timeline |
| Expedited Project Stream | Range: +1% to +2% Average: +1.5% | Assumes dedicated stream that reduces rezoning, DP, and BP timelines by 50% |
| Pre-Approved Design Stream | Range: +1% to +2% Average: +1.5% | Eliminated rezoning, DP, and reduces BP timelines by 50% (financing savings) |
| Development in “Infrastructure-Ready” Areas | Range: +1% to 3% Average: +2% | Assumes an 80% reduction in offsite costs |

Annex B: Common Challenges with Implementation

There will be additional tradeoffs as a result of local context that need to be managed when integrating tools to support gentle density.

Municipal Staff Capacity

Municipalities are limited in their resources, expertise, and capacity to dedicate to both the pre-work (e.g., research, engagement, and proformas) and implementation (e.g., drafting zoning bylaws/amendments) involved in measures to support gentle density in their jurisdictions. In some cases, engaging consultants can help to fill gaps in municipal staff capacity. However, the capacity required to oversee this work, budget availability, and lack of regional consultant capacity to advance the issues at hand can be enduring issues.

Permit and Approval Timelines

Approval timelines have been identified by municipalities and builders and partners as a significant barrier to getting gentle density built in their communities. Depending on the community, approval timelines for gentle density projects may be impacted by applications for larger, more complex projects being considered in the same timeline. Single family home creation typically does not require approvals. This continues the incentivization of single-family home development while disincentivizing infill. These significant timelines may intersect with other issues such as municipal staff and council capacity. The issue of permit and approval timelines were recognized by the 2019 BC Development Approvals Process Review Report in consultation with stakeholders from across the province.

Public Uptake and Awareness

Municipalities are seeing community resistance to infill housing being overcome as housing costs and demand rise. However, in some communities, there is still a lack of awareness and uptake of gentle density, even when policies are changed to support it. It can be expensive and inaccessible for many homeowners to take advantage of new zoning regulations. Resistance from residents to having additional housing forms in their neighbourhoods can create notable barriers to introducing gentle density across a community and uncertainty for developers and homeowners considering a project.

Housing Administration Requirements for Below-Market Units

For projects that provide secured below-market units, whether homeownership or rental, there is a need for some level of administration related to resident selection, monitoring, and turnover. Housing agreements are held between a local government and a single property owner while housing administration is carried out between a property owner (e.g., non-profit or local government) and a resident. Some municipalities are taking on this role (either through a dedicated housing agency or municipal staff function), while others outsource this to other entities. In many communities, there is a lack of staff capacity to take on these administration requirements. The degree of enforcement, and related administration requirements, need to be weighed with the value of dedicating capacity to increase supply. It is also worth noting that affordable home ownership requires less staff capacity than the ongoing administration of affordable rental units.

Housing Agreements Oversight

For projects that provide non-market units, it is common practice for municipalities to enshrine certain terms and conditions for those units in a housing agreement. Municipalities in many cases do not have the capacity to oversee housing agreements³. To this end, there are cases in which third party agencies may be able to serve this role: either regional governments (for example, the Capital Regional District, which oversees a housing agreement program) or non-profits (such as Small Housing BC) may be necessary to support the expansion of affordable gentle density by taking a role overseeing housing agreements. However, there are not always third-party agencies readily available, capable, and sufficiently resourced to oversee these agreements. There are some demonstrated benefits to having third parties involved in administering housing agreements such as improved accountability, and economies of scale in the oversight of agreements at a regional level. Housing agreements will be key to supporting the use of new models such as the PAtH model and thus developing models to administer them successfully is important for many communities.

Infrastructure Limitations

There are a number of limitations related to infrastructure encountered by municipalities and builders that impact the development feasibility of gentle density projects. These challenges may include parking requirements, BC hydro servicing costs, and capacity constraints with municipal servicing in single-family neighbourhoods. For parking requirements, residents' mobility needs will vary based on location and proximity to services. Removing or reducing parking requirements will not be feasible for all communities.

Cost of Development and Access to Capital

The cost of development has experienced dramatic increases and unpredictability which impacts development proformas and ultimately impacts both supply generation and levels of affordability that can be achieved by new developments. Factors such as construction costs and interest rates impact the total cost of developments. Homeowners who wish to develop additional homes on their property and small-scale builders can have difficulty accessing capital to finance their construction.

Compounding the impacts of high development costs on the supply of infill housing is the level of uncertainty associated with gentle density. Barriers in local governments such as long approval timelines and lack of public support can create higher levels of uncertainty when considering small housing projects, which can ultimately increase the projected cost.

³ "A Housing Agreement is a contract that is entered into voluntarily by a purchaser or property owner with a local government. It is often a condition of rezoning or sale of land by the local government to an owner/ developer. Housing Agreements are a powerful tool that help facilitate non-market housing development and secure the longevity of affordable or special needs housing by specifying certain terms and conditions." For more information see What Works: Securing Affordable and Special Needs Housing through Housing Agreements.

<https://metrovancover.org/services/regional-planning/Documents/securing-affordable-and-special-needs-housing-through-housing-agreements.pdf>

Developer Capacity and Knowledge

In some regions, particularly rural areas that are not proximate to urban centres, there can be a lack of interest or knowledge from builders to take on the gentle density projects. While builders may adapt when required, there can be particular tension when there is still a strong market for single-family homes in the community and the reward to venture into gentle density does not match the level of risk. Multi-family or bank-financed projects typically have greater paperwork burdens and require more detailed drawing and review processes during construction than single-family homes. This can cause hesitation from smaller builders and tradespeople.

Education is required for both experienced and new builders to support successful gentle density projects. When developing policies to support density, it is important for municipalities to consider that higher densities and larger numbers of units have more detailed requirements for builders and can require sophisticated trades. In some small and rural communities, this may require trades workers to travel to the community, which can significantly impact costs.